

GREENSBURG, KANSAS

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Master plan

Banks can learn from Greensburg's recovery



PHOTO BY DEA CORNS

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At the end of a typical Friday in May last year, the staff of Greensburg State Bank closed up shop as usual, only to reopen the following Monday with a cashbox on the hood of a car.

A tornado, nearly two miles wide with 205-mile-per-hour winds, ripped through this small southwestern Kansas town of 1,400 residents that Friday evening. The storm obliterated 95 percent of Greensburg and killed 12.

Greensburg State Bank President Tom Corns first assessed the damage to his own home, and then made his way through the destruction to Main Street. Once at the bank, Corns had to crawl through a broken window to get inside. He then realized there was no roof and the eastern half of the building had been destroyed. The other two banking offices in town—The Peoples Bank branch and the Centera Bank branch—also were inoperable. All three banks were challenged to quickly restore operations in a town that had lost nearly everything.

The banks' staff took extensive measures to reestablish banking services. The roles of their disaster recovery and business continuity plans

were crucial to these efforts. Their experience provides bankers everywhere important lessons on how to restore operations after an emergency, and what key items should be included in bank recovery plans.

Although few are likely to face what the Greensburg bankers did, emergency planning is a topic of increasing importance for financial institutions. Apart from the traditional concerns with hurricanes, floods and other natural disasters, bank planning must now address a much wider range of threats, including: disruptions and outages in banks' data, transaction and communication networks; hacker and terrorist attacks directed toward the financial system; and pandemic flu preparedness exercises.

Reopening after the tornado

The weekend after the tornado hit, the three banks started planning how to best resume operations. These plans reflected, in part, each bank's existing office structure, prior planning



PHOTO BY GARY BARBER

GREENSBURG STATE BANK PRESIDENT TOM CORNS, ALONG WITH HIS WIFE DEA and bank staff, started moving into the bank's new building in late August. The May 2007 tornado that obliterated nearly all of Greensburg, Kan., also destroyed the bank. Immediately after the tornado, all three of the town's banks turned to their contingency plans and took action to resume banking operations.

for disaster recovery, bank data processing systems and providers, and assistance provided by others. All three banks were faced with the task of how to reopen and serve their customers' emergency needs without bank offices and very little in the way of equipment, supplies and local utilities.

Greensburg State Bank

Greensburg bank officers met the morning after the tornado, which was a Saturday, at the shelter that had just been set up in Haviland (a smaller community about 10 miles east) and came up with a plan to open for business Monday morning on the sidewalk in front of the bank. There was a clear path to the bank's vault, allowing customers access to their safe deposit boxes. By that Tuesday, Greensburg State Bank had a table and tent in front of the bank building's rubble.

"Customers were mostly needing cash for

food, lodging and other necessities, and the typical withdrawal was \$200 to \$300," Corns says. "We had a surplus of cash on hand in our vault, and we cashed checks for anyone, with many transactions based on trust."

Vice President Chris Wirth says, "People just wanted reassurance that their money was safe and the bank would reopen."

Greensburg State Bank also began working during that first weekend to restore its data processing services. The bank was able to obtain a room at the Haviland Telephone Co. with phone lines and a high-speed Internet connection for use as its data center. On that Saturday, Wirth called the Fiserv offices that provide the bank's processing services and found out that the company had already been trying to contact him.

"Fiserv then worked through the weekend to give us connections for inquiry and

maintenance capabilities, and to configure a branch capture machine and several new computers for our data processing work and report printing,” Wirth says. “Fiserv also put together a box of emergency office supplies to replace what we lost.”

Until the town’s phone services were restored during the second week of the recovery, all communications between the data center and the bank staff in Greensburg were by cell phone. Reliable electrical services in Greensburg were not restored for a month.

Greensburg State Bank’s efforts to restore its operations also were aided by its disaster recovery planning, which included contracting for a temporary banking facility complete with a teller counter, drive-up window, vault, two

housing displaced residents and relief workers.

“We cashed checks on demand for any of the three banks, although many of the people didn’t have identification on hand,” Loomis says.

Because The Peoples Bank does its data processing in-house at its main office, all of the records on its own customers were secure and immediately available. Staff posted announcements at its offices, in area shelters and businesses, and on its website, while also getting the word out through local radio stations to let customers know where they could bank.

To provide banking services closer to the Greensburg area, the bank’s next step was to set up an office in nearby Haviland, using the

“ ... we cashed checks for anyone, with many transactions based on trust. ”

offices, bookkeeping area and a generator. It arrived the Tuesday after the tornado. For more than a year it provided a base for operations. This August construction of a new building was complete and it opened to the public.

The Peoples Bank branch

After the storm, Greg Waters, manager of The Peoples Bank branch in Greensburg, remembers thinking, “Hey, our sign is still standing—maybe it isn’t so bad,” but when he got closer, he found the building had suffered the most damage of the three bank buildings.

J. Porter Loomis, president of The Peoples Bank, met with Waters and other bank officers and directors on that Saturday morning and they were able to secure key computer systems and confidential documents.

Loomis and his management staff also made the decision to keep their main office in Pratt open throughout the weekend after the tornado to serve the many Greensburg residents who were going there. Pratt, which is about 30 miles east and operates as a trade center for the area, quickly become an outpost for many tornado relief efforts and for

insurance facility of the Haviland State Bank.

“Most of the facility was available for our operations because all of the insurance people were out doing field work in Greensburg,” Loomis says.

By the end of May, operations were moved into a temporary banking trailer next to the highway in Greensburg.

Centera Bank branch

Centera Bank officers went through much the same planning process as Greensburg State Bank and The Peoples Bank. Branch Manager Steve Kirk, Executive Vice President Michael Cearley and Chairman Michael Stevens, who had to rush back from an out-of-state trip, worked during the weekend following the storm to plan Centera’s recovery.



“We had difficulty getting into Greensburg, but were able to persuade law enforcement officers to let us in on Saturday by showing our bank business cards,” Cearley says. “We found the vault in good condition and were able to get our computers loaded up and gather everything else we thought we should take to our Dodge City branch. We went back to board things up on Sunday, but couldn’t get back in.”

After assessing the damages to the branch there and the long-term nature of any rebuilding process, Centera Bank officers ordered a trailer for temporary use. For immediate needs, though, Haviland State Bank offered to share its branch office in Mullinville, which is 11 miles west of Greensburg. Centera employees posted signs and spread the word.

Centera Bank also was able to quickly restore its communication and data processing networks as well as set up the equipment recovered from its Greensburg branch. After

A key component emphasized by all the bankers is getting the technology and information security part of a plan right. Each bank took different steps in this portion of their planning based on the differences in their office structure and choice of in-house processing versus outside vendors. However, all succeeded in keeping their records safe, avoiding any loss of computer and customer information, and being in a position to restore their data processing in a timely fashion.

Wirth, of Greensburg State Bank, says, “Our plan laid the framework for working with our service providers in business resumption ...no computer information was lost. Local computer files reside on the server and on backup tapes, and the tapes were in the vault and intact.”

All the Greensburg bankers had many offers of help and equipment from providers and vendors. This experience thus shows the need for bankers to actively discuss emergency

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its banking trailer arrived, Centera brought operations back to Greensburg with a new location along the highway.

“The help we received from others was just amazing,” Stevens says.

Centera recently purchased property to build a new branch on Main Street, directly across from its former location. The facility will be built using “green” standards; the bank will continue to operate out of its temporary trailer until construction is complete.

Lessons learned

All the Greensburg bankers say they found their disaster recovery planning to be useful and a good framework for the steps they took in restoring their operations. They also have a new perspective on what to include in future plans.

planning with IT staff and service providers and find out what assistance is available.

All three banks had recognized the possibility of a tornado in their disaster recovery plans, although more detail likely will be added in future plans. For Greensburg State Bank, its planning ensured quick access to a temporary banking facility. Centera Bank’s and The Peoples Bank’s plans anticipated filling in with their other bank facilities in the event that services were disrupted at one of their offices, but The Peoples Bank also maintained a list of temporary bank facility providers in its disaster recovery plan.

The bankers in Greensburg also had a number of suggestions regarding employee safety, communications and availability for work. The loss of homes and services hindered the efforts of all three banks to reach employees

right after the tornado, although nearly every employee was accounted for by the following day.

Stevens, of Centera Bank, says, “The key thing is communications. It goes back to common sense—you’ve got to be able to communicate with your people. For a bank with several locations, more centralized communications would have worked better for us.”

Although a few bank employees were unavailable or left town after the tornado, the banks generally were able to maintain an adequate staff while also giving employees time to attend to their own household recovery and rebuilding needs.

The bankers also discussed what they could do in their emergency planning to better protect bank records, supplies and equipment. Cearley, of Centera Bank, says, “Sometime before the tornado, our auditor asked us to

tag everything we had and make a list, which proved very helpful for insurance purposes.”

Loomis, of The Peoples Bank, recommended bankers have pictures of their facilities from different angles.

All the bankers found their vaults and the contents to be undamaged by the tornado except for minor water seepage around the door of one vault after the subsequent rains.

“We should place more reliance on our vaults in our emergency planning,” Loomis says.

One banker noted that the file cabinets they had were able to withstand the heavy rains, while another found their fireproof cabinets weren’t waterproof.

“We had backup supplies and bank forms in a storeroom and at an off-site location—both of which were destroyed by the tornado,” Corns says. “Since we have a very substantial basement over which we will build our new building, we

ALL THREE OF GREENSBURG’S BANKS operated out of temporary trailers while their facilities were being rebuilt. Meeting the needs of their customers was the No. 1 priority, the staffs said, especially when residents had lost almost everything.





PHOTO BY ISTOCK

Gaining priority access in an emergency

Oklahoma banker H.C. Bauman knows one certainty about emergency response planning: Access after a disaster is key.

“Why have a plan if you can’t enact it?” he says.

This proved challenging for Bauman, president and CEO of First State Bank in Picher, after a tornado hit the small mining town in northeast Oklahoma on a Saturday evening in May. More than 200 homes and businesses were destroyed and seven people died, according to reports.

Bauman had been tracking the storm from home in nearby Wyandotte, where First State’s sister bank is located. After the tornado passed and Bauman was able to account for the six bank employees by phone, he made his way to Picher. But for safety reasons, law enforcement officers stopped him on the highway and wouldn’t let him into town.

Access also proved difficult for bankers in Greensburg, Kan., during that town’s tornado recovery in May 2007. There, bankers had trouble receiving priority admittance or utility restoration during the recovery.

The bankers’ efforts in both Picher and Greensburg reflect a critical

component of recovery: getting money into the hands of those who need it while maintaining public confidence in the financial system.

After the 9/11 terrorist attacks, major financial institutions and their regulators worked together to analyze what they had learned. One lesson was the need for improved cooperation among emergency responders, law enforcement and financial institutions’ disaster recovery personnel. Since that time, the public and private sectors have worked to develop credentialing systems that allow essential staff from financial institutions access to disaster sites.

Bankers are involved in a number of other efforts to address emergency access issues and post-disaster business resumption. An example is ChicagoFIRST, a nonprofit association of financial institutions in the Chicago area that works with government representatives on business continuity and priority access during disaster recovery. This model has been replicated in more than a dozen major U.S. cities.

In Picher, it wasn’t until after midnight on the day of the tornado that Bauman got a call letting him know

First State Bank had only minor exterior damage, although, without electricity, the alarm system wasn’t functional. By the following Monday, Bauman and other merchants were allowed into town. He and a staff member transferred cash and other valuables to the Wyandotte bank, as outlined in the banks’ contingency plan. Because the plan also called for the duplication of records, staff could have operated easily out of the Wyandotte bank if the Picher building had been unable to open. By that Thursday, the Picher bank—which is the only one in town—was operational again.

During the recovery period, staff worked overtime closing and reopening accounts, processing insurance checks, and generally assisting residents and business operators.

“It was an unbelievable workload for our staff,” Bauman says, but one they were well-prepared for—the bank tests its contingency plan yearly.

“Definitely have a plan,” Bauman says. “It served us well.”

BY BRYE STEEVES, SENIOR WRITER



PHOTO BY GARY BARBER

will prepare for future emergencies by using it more for our backup storage.”

One area cited by all the bankers where better planning would pay off is in working with law enforcement, utility companies and other parties to get priority treatment for banks during emergencies. The Greensburg bankers noted their supervisory agencies were quick to offer assistance and to approve temporary facilities. One suggestion made by the bankers to further improve banker/regulator communication in an emergency was to exchange cell phone numbers.

“What happens will always be different from what you have worked through in your planning and testing,” Loomis says. “What is important is the process.”

Further challenges in Greensburg

More than 140 new homes are being built in Greensburg as well as several businesses on Main Street. The city has started to restore the downtown streetscape and also broke ground on the Business Incubator building, conceptualized to foster entrepreneurship there. Restoration on the county courthouse is underway. Insurance money, various emergency assistance programs and bank lending are helping to build

this new community, with many projects being done under “green” building standards.

Greensburg faces a number of challenges in this rebuilding process, including how to replace those residents who left after the tornado and have not returned. The cost of new construction may not prove economically viable for everyone. The bankers, though, are optimistic.

“The community has a rural work ethic that will sustain the effort to recreate ourselves and the town,” Corns says.

Many say the same of the three banks and their staff.

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